

Commonwealth of Massachusetts
Department of Telecommunications and Energy
Fitchburg Gas and Electric Light Company
Docket Nos. D.T.E. 02-24 and D.T.E. 02-25
Responses to the Department's Fourth Set of Information Requests

Request No. DTE 4-14:

Refer to Schedule FGE-MHC-1 (Electric) at 2. Please explain the reason for booking \$17,344 in administrative and general expense, \$890,929 in depreciation and amortization expense, and \$33,865 in taxes other than income taxes as expenses under Transition Charge.

Response:

The Transition Charge function is comprised of two cost tracking categories: 1) Transition Charge revenues and costs billed and received through the Company's Transition Charge reconciliation mechanism and 2) Cost of Service related to the Entitlement and Sales Agreement between Fitchburg Gas and Electric Light Company and Select Energy. Please see attached breakout of these categories.

The reason for booking \$17,344 in administrative and general expense, \$890,929 in depreciation and amortization expense, and \$33,865 in taxes other than income taxes as expenses under Transition Charge referred to on Schedule FGE-MHC-1 (Electric) at 2 is as follows:

The \$17,344 in administrative and general expense represents the recoverable costs incurred by FG&E related to the Select Agreement. These costs are offset dollar for dollar by the inclusion of the Select Agreement revenues in "Transition Charge Total Sales".

The \$890,929 in depreciation and amortization expense represents the Transition Charge allowed amortization, \$890,368, of fixed cost, carrying charge on fixed costs and residual value credit after implementation of DTE 99-118, 99-115 and 99-110. The remaining \$561 represents the inclusion of depreciation and amortization related to the Select Agreement. The \$561 is offset dollar for dollar by the inclusion of the Select Agreement revenues in "Transition Charge Total Sales".

The \$33,865 in taxes other than income taxes represents recoverable property taxes incurred by FG&E related to the Select Agreement. These costs are offset dollar for dollar by the inclusion of the Select Agreement revenues in "Transition Charge Total Sales".

Person Responsible: Mark H. Collin